



**University of  
Zurich<sup>UZH</sup>**

**Zurich Open Repository and  
Archive**

University of Zurich  
University Library  
Strickhofstrasse 39  
CH-8057 Zurich  
[www.zora.uzh.ch](http://www.zora.uzh.ch)

---

Year: 2017

---

**Position statement of the Max Planck Institute for Innovation and  
Competition on the proposed modernisation of European copyright rules.  
PART C: Out-of-commerce works (Articles 7-9 COM(2016) 593)**

Hilty, Reto M ; Moscon, Valentina ; Li, Tao

Posted at the Zurich Open Repository and Archive, University of Zurich

ZORA URL: <https://doi.org/10.5167/uzh-144782>

Published Research Report

Published Version

Originally published at:

Hilty, Reto M; Moscon, Valentina; Li, Tao (2017). Position statement of the Max Planck Institute for Innovation and Competition on the proposed modernisation of European copyright rules. PART C: Out-of-commerce works (Articles 7-9 COM(2016) 593). München: Max Planck Institute for Innovation and Competition.

**Position Statement of the  
Max Planck Institute for Innovation and Competition  
on the Proposed Modernisation of European Copyright Rules**

## PART C

### Out-of-Commerce Works

(Articles 7-9 COM(2016) 593)

#### **I. Background**

1. Current digital technologies facilitate world-wide availability of cultural heritage. However, a sizeable share of works and other subject matter in collections of cultural heritage institutions (CHIs), including out-of-commerce works, is still protected by copyright. In such cases, CHIs need the permission of the rightholders before digitising them and putting them online as part of their digital library projects.
2. The EU has been working for several years on opening up the world of European cultural heritage to the public, in particular by promoting digital access to public collections of CHIs. Articles 7 to 9 of the proposal for a Directive on copyright in the Digital Single Market (COM(2016) 593) can be seen as the culmination of this process. It is an overdue response to the need to provide a standardised solution to out-of-commerce works in the EU. These provisions dovetail with Article 5 of the proposed Directive regulating the preservation of cultural heritage (see Part B, Chapter 3, of this statement).
3. The issue of out-of-commerce works was already mentioned in Recital 4 of Directive 2012/28/EU (Orphan Works Directive), but left to the Member States. A common definition of out-of-commerce works can be found in the

“Memorandum of Understanding Key Principles on the Digitisation and Making Available of Out-of-Commerce Works” (MoU) of September 2011. This stakeholder-driven agreement contains the key principles that these parties were supposed to follow in licensing the digitisation and making available (including across borders in the EU) of books or learned journals out of commerce. This is a document the European legislature should keep in mind while discussing the proposed Articles 7-9.

4. Similarly, the experience of some Member States should be taken into consideration. In particular Germany and France have already adopted legal measures concerning out-of-commerce works (France, Loi 2012 – 287 du 1er mars 2012 relative à l'exploitation numérique des livres indisponibles du XXe siècle; Germany, §§ 51, 52 of the Gesetz über die Wahrnehmung von Urheberrechten und verwandten Schutzrechten durch Verwertungsgesellschaften).
5. However, the Court of Justice of the European Union (CJEU) ruled on 16 November 2016 (C-301/15, *Soulier and Doke*) that the French law was not compliant with the EU *acquis*. According to the CJEU, exercising the rights outlined in Article 2(a) and Article 3(1) of Directive 2001/29 (InfoSoc Directive) requires the prior informed consent of the authors, whereas the French law lacks a “mechanism ensuring authors are actually and individually informed”. Furthermore, according to the CJEU “the authors are the only persons to whom that directive gives, by way of original grant, the right to exploit their works [...]. It follows that, if Directive 2001/29 does not prohibit Member States from granting certain rights or certain benefits to third parties, such as publishers, it is provided that those rights and benefits do not harm the rights which that directive gives exclusively to authors [...]. Consequently, [...] when the author of a work decides, on the context of the implementation of legislation such as that at issue in the main proceedings, to put an end to the future exploitation of that work in a digital

format, that right must be capable of being exercised without having to depend, in certain cases, on the concurrent will of persons other than those to whom that author had given prior authorisation to proceed with such a digital exploitation and, thus, on the agreement of the publisher holding only the rights of exploitation of that work in a printed format [...]”. Also, the author must be able to do so “without having to submit beforehand, in certain circumstances, to a formality consisting of proving that other persons are not, otherwise, holders of other rights in that work, such as those concerning its exploitation in printed format”.

6. In this context, the Max Planck Institute (MPI) welcomes the proposal by the Commission aimed at allowing out-of-commerce works to play the full and prominent role they deserve to preserve European cultural heritage while eliminating the fragmentation of European law.

## II. Concerns about the Commission’s proposal

### 1. Definition of “out-of-commerce works”

7. Article 7(2) of the proposal states that a work or other subject-matter is deemed to be out of commerce “*when the whole work or other subject-matter, in all its translations, versions and manifestations, is not available to the public through customary channels of commerce and cannot be reasonably expected to become so*”. This definition raises some questions.
8. Firstly, it is not clear what is meant by the expression “*not available to the public through **customary channels of commerce***”, for example as concerns second-hand bookshops. They might commercialise still-protected works and other subject matter no longer otherwise available. In this regard, the above-mentioned MoU can be of inspiration for the European legislature. According to this memorandum, a work is out of commerce “*when the whole work, in all its versions and manifestations is no longer commercially available in customary channels of commerce, regardless of the existence of*

*tangible copies of the work in libraries and among the public (including through second hand bookshops or antiquarian bookshops)”.*

9. Secondly, the Commission does not suggest any time frame in defining out-of-commerce works. In contrast, the German and French legislations limit out-of-commerce works to those published before 1966 and 2001, respectively. A time frame seems useful, but rather than setting a cut-off date for all works, a more flexible approach seems advisable. For example, the relevant term might be calculated on the basis of the publication year: subject to further criteria, only works initially published a certain period of time ago meet the requirements of out-of-commerce works.
10. Finally, Article 7(2) goes beyond the definition in the above mentioned MoU in further requiring that a prospective availability through customary channels of commerce “*cannot be reasonably expected*”. It is questionable whether collecting societies may assume the task of predicting future intentions of rightholders that are not their members – apart from the fact that “reasonably” seems rather unclear. At least the German translation “*nach menschlichem Ermessen nicht davon ausgegangen werden kann*” (which basically means “as far as humanly possible cannot be surmised”) hardly defines a sound benchmark. In the light of the possibility that “all rightholders may at any time object to their works or other subject matter being deemed to be out of commerce and exclude the application of the licence to their works or other subject” (Commission’s proposal in Article 7(1)(c); for the amendments here suggested, see III below), a further threshold seems needless from the outset.
11. At the same time the wording of the proposed Article 7(2) – “*available to the public through customary channels of commerce*” – might be differently interpreted at national level depending on the availability of bibliographic

data. This suggests, on the one hand, the stipulation of a clear criterion by the European legislature like, in particular, the **time frame** mentioned above. The specification of this frame is of a political nature; in view, again, of the possibility given to all rightholders to object at any time, ten years might be sufficiently long, but some jurisdictions could prefer twenty years (in Italy, for instance, this corresponds to the maximal duration of a publishing contract). On the other hand, this status should be determined by a competent collecting society in one Member State with EU-wide effect; only this approach allows for legal certainty throughout the internal market and avoids different national evaluations of the same works or subject-matters.

## 2. Scope of use of out-of-commerce works

12. The scope of permitted uses of out-of-commerce works according to the proposed Articles 7 and 8 includes digitisation, distribution, communication to the public and making available. With the right to distribute this provision is broader than the scope of Principle No. 1(1) of the MoU of 2011, which omits the **distribution right**. This extension is not sufficiently explained by the Commission – and it is **doubtful whether it is necessary**. If the objective of the proposal is to promote the widest possible access to cultural heritage throughout the EU while saving transaction costs, the rights of digitisation, communication to the public or making available would seem to suffice, unless justifications beyond the Commission's explanations exist. In this respect it also should be considered that the Orphan Works Directive – pursuing similar legislative objectives (see Recital 1) – omits the right of distribution as well. Whichever approach is justifiable, the scopes of both legislations should be aligned.

### 3. “Non-commercial purposes”

13. According to the proposed Article 7(1), uses of out-of-commerce works and other subject-matters are limited to non-commercial purposes. This is not adequately justified by the Commission. A number of arguments speak for a different approach:

a) **Principle No. 1(3)** of the **MoU** does not exclude commercial use of out-of-commerce works.

b) Monetary aspects are indeed addressed in Recital 27 of the proposed Directive, which states that “*any licences granted under the mechanisms provided for in this Directive should not prevent [cultural heritage institutions] from generating reasonable revenues in order to cover the **costs of the licence***”. This suggests that licences are granted by collecting societies in **return for payment**. However, the reference to “costs” might be related to both a statutory compensation and (contractual) licensing fees. Since the Commission does not provide for a statutory compensation (see on this point para. 17 below), the second option seems more probable. But then it becomes difficult to argue against granting such licenses for commercial purposes as well. As a result, the whole concept of the proposed Articles 7 to 9 appears rather not well reasoned if it explicitly limits permitted uses to non-commercial purposes.

c) “Circulation of cultural diversity” in the internal market best can be achieved through the development of culture-related industries. **Private initiatives** to digitise works are likely to be faster and also less expensive for the Member States. In particular, public-private partnership appears to be a promising approach (see also Part B, Chapter 3, of this statement).

d) This approach also aligns with other initiatives of the Commission fostering the **cooperation between CHIs and private companies** (e.g. Commission Recommendation of 24 August 2006 on the digitisation and

online accessibility of cultural material and digital preservation; Directive 2003/98/EC on the re-use of public sector information as amended by Directive 2013/37/EU).

e) **Interests of the rightholder** are not negatively affected by commercial use; above all, they “may at any time object to their works or other subject-matter being deemed to be out of commerce and exclude the application of the licence to their works or other subject-matter” (Article 7(1)(c); the additional safeguards apply according to Article 7(3)), but this is also true because commercial uses might be subject to compensation rules.

#### 4. “Broadly representative” CMO

14. While it is to be welcomed that the Commission suggested both the model of extended collective management, which is widely used in the Nordic countries, and the presumed collective management model, which is for instance widely used in France and countries with Germanic law systems, the requirement of the proposed Article 7(1)(a) needs clarification. According to that provision read in conjunction with Article 7(4), the collective management organisations (CMOs) shall be “broadly representative of rightholders in the category of works or other subject-matter and of the rights which are the subject of the licence”. At the same time Article 8 – also read in the light of Directive 2014/26/EU (Collective Management Directive) – indicates that the Commission intends to foster a system of pan-European collective management to manage the works of non-members. From that, however, it may not be concluded that CMOs have to be broadly representative of rightholders within the internal market as a whole; none of the CMOs in the EU would comply with this requirement. Hence, it is advisable to **clarify in Article 7(1)(a)** that the notion of **“broadly representative of rightholders”** has to be understood as such **in the relevant Member State** according to Article 7(4).



15. It should further be considered that some creations may combine different categories of works, for instance audio-visual works. In such cases, the creation may fall under the management of different CMOs. The German approach (Section 51(3) of the German Collecting Societies Act; see para. 4 above) could serve as model for a further paragraph stipulating that where more than one collecting society is authorised to manage the rights the extension in Article 7(1) only applies if the rights are **jointly managed** by all of them.

**5. Right to object and to exclude a licence (Article 7(1)(c) and Article 7(3)(c))**

16. Article 7(1)(c) not only requires the implementation of a right of the rightholder “to object to their works or other subject-matter being deemed to be out of commerce”, but also to “exclude the application of the licence to their works or other subject-matter”. Recital 24 states that such exclusion should be possible regardless of the objection stipulated in the first part of the provision. Certain reasons to exclude the application of a licence may be rooted in moral rights that are ascribed to the author and are not assignable to subsequent rightholders. In view of that it might be clarified that the term “all rightholders” includes original rightholders at least as far as the exclusion of the application of the licence is concerned. In contrast, it is likely that the right to object to works or other subject-matter being deemed to be out of commerce in the first instance will be claimed by subsequent rightholders (like publishers). In relation to these rightholders, one should consider introducing a burden of proof that the work or other subject-matter will be available to the public through customary channels of commerce again within a reasonable timeframe.

## 6. Compensation

17. The present draft does not provide for statutory compensation. At first view this looks reasonable considering the overarching purposes of the suggested provisions and in particular in the light of the Commission's intention to exclude commercial uses. As explained above, however, this exclusion is not advisable. In return, commercial uses obviously lead to income on the side of certain market participants benefiting from the permission of such uses. It goes without saying that the consequence of this should be that revenues on the side of the rightholders are generated as well. This may in fact be the case. As mentioned before, Recital 27 suggests that CMOs are in a position to charge (contractual) licensing fees – irrespective of whether uses are of a commercial or a non-commercial nature (see para. 13 above). This allows the economic interests of the rightholders to be taken into account and may provide for **incentives to rightholders to limit objections** according to Article 7(1)(c) to relevant cases. At the same time CMOs have the possibility to differentiate licensing fees according to the purpose of uses. As a result it is reasonable that no statutory compensation is provided, because payment mechanisms are of a different nature – but in view of these possibilities to adequately compensate rightholders, it is not reasonable to exclude non-commercial uses.

### III. Proposal

In the following proposal the suggested amendments are indicated.

*Text proposed by the Commission*

*Amendments*

*Article 7*

*Amendments to Article 7*

1) Member States shall provide that when a collective management organisation, on behalf of its members, concludes a non-exclusive licence for non-commercial purposes with a cultural heritage institution for the digitisation, distribution, communication to the public or making available of out-of-commerce works or other subject-matter permanently in the collection of the institution, such a non-exclusive licence may be extended or presumed to apply to rightholders of the same category as those covered by the licence who are not represented by the collective management organisation, provided that:

(a) the collective management organisation is, on the basis of mandates from rightholders, broadly representative of rightholders in the category of works or other subject-matter and of the rights which are the

1) Member States shall provide that when a collective management organisation, on behalf of its members, concludes a non-exclusive licence ~~for non-commercial purposes~~ with a cultural heritage institution for the digitisation, ~~distribution~~, communication to the public or making available of out-of-commerce works or other subject-matter permanently in the collection of the institution, such a non-exclusive licence may be extended or presumed to apply to rightholders of the same category as those covered by the licence who are not represented by the collective management organisation, provided that:

(a) the collective management organisation is, on the basis of mandates from rightholders, broadly representative in the relevant Member State of rightholders in the category of

subject of the licence;

works or other subject-matter and of the rights which are the subject of the licence;

(b) (...)

(b) (...)

(c) all rightholders may at any time object to their works or other subject-matter being deemed to be out of commerce and exclude the application of the licence to their works or other subject-matter.

(c) all rightholders may at any time substantiate that a work or other subject-matter will again be available to the public through customary channels of commerce within a reasonable timeframe and object to the status of being out of commerce;

(d) authors may at any time exclude the application of the licence to their works or other subject-matter.

(e) all authorised collecting societies manage rights according to paragraph 1 jointly if differently administered rights are involved.

2. A work or other subject-matter shall be deemed to be out of commerce when the whole work or other subject-matter, in all its translations, versions and manifestations, is not available to the public through customary channels of commerce and cannot be reasonably

2. A work or other subject-matter shall be deemed to be out of commerce when the whole work or other subject-matter, in all its translations, versions and manifestations, ~~is not~~ has not been available to the public through

expected to become so.

(...)

customary channels of commerce for ten/twenty years, regardless of the existence of tangible copies of the work in libraries and among the public (including through second hand bookshops or antiquarian bookshops) and cannot be reasonably reasonably expected to become so.

The determination of the out-of-commerce status in one Member State shall have effect in all others.

(...)

#### *Article 8*

1. (...)

2. Member States shall ensure that information that allows the identification of the works or other subject-matter covered by a licence granted in accordance with Article 7 and information about the possibility of rightholders to object referred to in Article 7(1)(c) are made publicly accessible in a single online portal for at least six months before the works or other subject-matter are digitised, distributed, communicated to the public or made available in Member

#### *Amendments to Article 8*

1. (...)

2. Member States shall ensure that information that allows the identification of the works or other subject-matter covered by a licence granted in accordance with Article 7 and information about the possibility of rightholders to object referred to in Article 7(1)(c) are made publicly accessible in a single online portal for at least six months before the works or other subject-matter are digitised, ~~distributed,~~ communicated to the public or made available in Member

States other than the one where the  
licence is granted, and for the whole  
duration of the licence.

3. (...)

States other than the one where the  
licence is granted, and for the whole  
duration of the licence.

3. (...)

Munich, March 13, 2017

Authors:

Prof. Dr. Reto M. Hilty

Tao Li

Dr. Valentina Moscon